

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 7, 2005

10:05 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

John L. Geesman

James D. Boyd

Jackalyne Pfannenstiel

STAFF PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Thom Kelly, Assistant Executive Director

Song Her, Acting Secretariat

Jim Holland

Joe O'Hagan

Martha Brook

John Henry Beyer

Bruce Maeda

Kevin Kennedy

Caryn Holmes

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Les Guliassi

Pacific Gas and Electric Company

Joseph Klobberdanz

San Diego Gas and Electric Company

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P R O C E E D I N G S

10:05 a.m.

CHAIRPERSON DESMOND: I'd like to call this meeting to order. Please rise and join me in reciting the Pledge of Allegiance.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRPERSON DESMOND: The first item, item number 1, the Commission will consider the consent calendar.

There are two items, the National Association of State Energy Officials. Possible approval of contract 150-05-001 for \$10,540 for annual membership dues and meeting fees.

And the American Council for an Energy-Efficiency Economy. Possible approval of \$4,998 to cosponsor their biennial summer study on efficiency in industry.

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON DESMOND: All those in favor?

(Ayes.)

CHAIRPERSON DESMOND: Opposed? So

1 moved.

2 Item number 2, Appliance Efficiency
3 Regulations. This is the consideration and
4 adoption of the amendments to appliance efficiency
5 regulations published as express terms of proposed
6 regulations, regarding the 15-day language. Mr.
7 Holland.

8 MR. HOLLAND: Good morning,
9 Commissioners. Staff is recommending the
10 Commission not adopt the current 15-day language
11 proposed amendments to the appliance efficiency
12 regulations dated 19 August 2005.

13 Staff has received public comment on the
14 current proposed amendments that has necessitated
15 changes. And as a result we will be releasing new
16 15-day language on or before 20 September 2005.
17 And proposing adoption of the revised amendments
18 at the 5 October 2005 business meeting.

19 CHAIRPERSON DESMOND: Discussion?
20 Questions? No. We'll take no further action
21 then. Thank you.

22 I'll note a calendar change here today,
23 just in the order of business. I apologize not
24 having brought that up. Item number 7, which is
25 the 2005 Integrated Energy Policy Report, will be

1 moved as the last item. We'll go into executive
2 session beforehand and come back and then hear
3 that item accordingly.

4 Item number 3, Department of Energy,
5 Lawrence Berkeley National Lab. Possible approval
6 of work authorization number MR-040, contract 500-
7 02-004, not to exceed \$500,000 to support the
8 development and testing of a water-energy model.
9 Purpose is to allow the quantification of physical
10 and economic sensitivity to surface and
11 groundwater supplies and electricity demands. Mr.
12 O'Hagan.

13 MR. O'HAGAN: Good morning, thank you.
14 As you said, the purpose of this work
15 authorization would be to fund the development and
16 testing of a water-energy model. The idea is to
17 develop simulations to see how an area of the San
18 Joaquin Valley and the adjacent Sierra foothills
19 would respond to different climatic conditions,
20 and in particular, drought conditions. We could
21 see how say a three-year drought would affect
22 certain water supplies, groundwater supplies. And
23 more importantly, how that would affect
24 electricity demand.

25 How different operational approaches of

1 surface water supplies and groundwater supplies
2 would be affected by these. And how electricity
3 prices would also affect the management options.

4 For example, irrigation districts with
5 surface water storage and groundwater supplies
6 need to make choices between generating, carrying
7 over to the reservoirs water supplies and
8 generating hydroelectric under drought conditions.
9 Or allowing the farmers to pump more groundwater
10 which is increasing electricity demand. So
11 there's a lot of tradeoffs there that this model
12 would allow us to evaluate.

13 The water-energy report for the IEPR
14 identified there's a lot of information we don't
15 know on how the electricity and water supply
16 system would respond to drought conditions for the
17 agricultural community. This model would allow us
18 to start answering some of those questions.

19 CHAIRPERSON DESMOND: Thank you.
20 Questions?

21 COMMISSIONER ROSENFELD: The PIER R&D
22 Committee was pleased with this report, so I move
23 it.

24 COMMISSIONER GEESMAN: Second.

25 CHAIRPERSON DESMOND: Unless there's any

1 further questions I'll call for a vote.

2 All those in favor?

3 (Ayes.)

4 CHAIRPERSON DESMOND: Opposed? So
5 moved.

6 MR. O'HAGAN: Thank you very much.

7 CHAIRPERSON DESMOND: Thank you. Item
8 number 4 is the Valley Energy Efficiency
9 Corporation. Possible approval of contract 500-
10 05-010 for \$395,303 to conduct a technical and
11 market analysis necessary to determine the best
12 ways to achieve a 30 percent efficiency
13 improvement in gas storage water heaters. Ms.
14 Brook.

15 MS. BROOK: Good morning. I'm Martha
16 Brook with the PIER buildings program. This
17 proposed research effort will fund the first phase
18 of the super-efficient gas water heater appliance
19 initiative. The goal of this initiative is to
20 achieve a 30 percent efficiency improvement in gas
21 water heaters.

22 More than 10 million California homes
23 heat water with natural gas. Conventional
24 residential gas water heaters use a simple but
25 antiquated design that wastes energy. Water

1 heating accounts for over 40 percent of natural
2 gas use in California homes.

3 This project will assess the
4 manufacture, interest and capabilities, document
5 probable pathways for gas water heater technology
6 improvements, and assess the potential for energy
7 and environmental benefits.

8 A big part of this proposed effort is
9 building partnerships with gas utilities,
10 manufacturers, gas trade associations, national
11 energy efficiency organizations, as well as U.S.
12 Department of Energy and EPA, to jointly plan
13 processes to bring efficient gas water heaters to
14 the marketplace.

15 This contract will be funded with PIER
16 natural gas funds and has been approved by the R&D
17 Committee. And I'm here to answer any questions
18 that you might have.

19 COMMISSIONER PFANNENSTIEL: Mr.
20 Chairman. Martha, I just want to make sure I
21 understand the sequence here. This is considered
22 as phase one?

23 MS. BROOK: Right.

24 COMMISSIONER PFANNENSTIEL: And this
25 will be the background work needed to then develop

1 a golden carrot approach to the development, is
2 that what we're doing here?

3 MS. BROOK: That's the proposed
4 approach, and we're going to connect with the
5 stakeholders that I mentioned to see if they agree
6 that that's a good approach. We don't think that
7 we can achieve a 30 percent improvement without,
8 you know, major initiative that includes all of
9 the participants, and the manufacturers have
10 incentives from the gas utilities, like the golden
11 carrot approach, in order for them to move.

12 COMMISSIONER PFANNENSTIEL: This
13 \$400,000, or \$395,000 is being used in essence not
14 for the technical research, --

15 MS. BROOK: Exactly.

16 COMMISSIONER PFANNENSTIEL: -- itself,
17 but rather to gather --

18 MS. BROOK: No, this will be --

19 COMMISSIONER PFANNENSTIEL: -- the
20 stakeholders together?

21 MS. BROOK: -- it will be a multi-year
22 project. This is a very small step. It will
23 take, you know, a major commitment in research, as
24 well as a major commitment by gas utilities to
25 implement this.

1 So this will be the pilot, you know. Is
2 it a good idea; is there technical potential; is
3 there market potential; does it seem like a good
4 idea. If yes, then everybody will go forward will
5 the second and third phase of this.

6 COMMISSIONER PFANNENSTIEL: Thank you.

7 CHAIRPERSON DESMOND: Further questions?
8 I just had a question. The term of this contract
9 is almost two years. And I'm just trying to
10 understand if that's intended to encompass future
11 phases or only phase one.

12 MS. BROOK: Only phase one. We do
13 usually, you know, blanket the term a little bit
14 so just in case something happens that's
15 unexpected. But I think the work should be done
16 within 18 months.

17 CHAIRPERSON DESMOND: Great, thank you.
18 Any further questions? I'll look for a motion.

19 COMMISSIONER ROSENFELD: I'm glad this
20 got clarified because I was about to say that no
21 one really expects you're going to get a 30
22 percent improvement in gas water heaters for that
23 kind of money.

24 But it's wonderful to see that the
25 natural gas money for PIER is starting off by

1 inducing collaborations nationwide like this.

2 So I move this item.

3 COMMISSIONER BOYD: As Chair of the
4 Natural Gas Committee I'll go out of order here
5 with the PIER Committee and just say I, too, am
6 glad to see we're off on that track, and I'd like
7 to second his motion. My apologies --

8 CHAIRPERSON DESMOND: Okay, I'll call
9 for a vote, then.

10 All those in favor?

11 (Ayes.)

12 CHAIRPERSON DESMOND: Opposed? So
13 moved. MS. BROOK: Thank you.

14 CHAIRPERSON DESMOND: Thank you. Item
15 number 5 is Catalytica Energy Systems. Possible
16 approval of contract 500-05-009 for \$799,892 with
17 Catalytica Energy Systems to demonstrate a cost
18 effective and efficient integrated emissions
19 control system on an existing diesel engine used
20 for agricultural water pumping.

21 Mr. Beyer.

22 DR. BEYER: Good morning, Commissioners.
23 I'm John Beyer in the PIER energy generation
24 research office.

25 In this project Catalytica Energy

1 Systems plans to develop and demonstrate cost
2 effective retrofit technology for significantly
3 reducing air emissions from stationary diesel
4 engines. By significant I mean NOx reductions of
5 95 percent; PM emissions of 85 percent.

6 The significance of this technology is
7 for two major categories. One is agricultural
8 pumping in the Central Valley. There are about
9 5900 stationary diesel engines that are used for
10 pumping. Senate Bill 700, which passed, I
11 believe, about a year and a half, two years ago,
12 is forcing a significant cleanup.

13 And the only acceptable alternative at
14 the moment is to electrify all these pumps. This
15 could require a 1.2 to 1. -- or 1400 or so
16 megawatts of additional electricity, along with
17 many line extensions. It's probably not cost
18 effective, and it would be difficult to develop
19 that much new capacity because these pumps will be
20 running in the summer for irrigation purposes.

21 So a retrofit technology for these
22 diesel engines is a significant possibility here
23 to alleviate that situation.

24 The second major application is so that
25 backup diesel engines can, in times of electricity

1 shortages, be used for some backup generation,
2 emergency blackout reduction programs, if they can
3 be clean enough. That's the intended project, to
4 make them clean enough so that during electric
5 emergencies they can operate in these limited
6 programs established by the utilities with their
7 customers who have backup diesel engines.

8 CHAIRPERSON DESMOND: Questions or
9 comments?

10 COMMISSIONER BOYD: Yeah, a couple
11 questions. One, with the price of diesel fuel
12 posted the other day at \$3.59 a gallon, are people
13 going to be more interested in going
14 electrification, which -- and the second question
15 was are we running headlong into the efforts of
16 local air districts to electrify everything in
17 sight. Particularly these kinds of pumps.

18 Or is this done with an understanding
19 that there are some pumps that it's not feasible
20 to electrify?

21 DR. BEYER: Catalytica has talked to the
22 air boards in the Central Valley and found them
23 very enthusiastic about this option of cleaning up
24 these diesel engines. They realize that many of
25 these pumps are in very remote locations.

1 It's not really practical to electrify
2 them, or at least not without great expense. And
3 they see this as really a preferred option.

4 COMMISSIONER BOYD: Okay, --

5 DR. BEYER: Furthermore, let me say that
6 there's a lot of matched funding going into this
7 project. We anticipate that the Air Board,
8 through their innovative clean air technologies
9 program, ICAT program, will be a co-funder of this
10 project. So the Air Board's enthusiastic about
11 it.

12 COMMISSIONER BOYD: Okay.

13 DR. BEYER: DOE is putting in a
14 significant amount of money. There are other
15 parties, as well, that really see this as a
16 tremendous opportunity.

17 COMMISSIONER BOYD: Glad to hear that.
18 Thank you.

19 COMMISSIONER ROSENFELD: Commissioner
20 Boyd, I don't know the numbers, but we're talking,
21 if we went electric, hundreds of megawatts here,
22 of peak power. So, the idea of at least putting,
23 you know, instead of hundreds of millions of
24 dollars of capital expense of putting less than a
25 million into the R&D seems pretty safe to the PIER

1 Committee.

2 COMMISSIONER PFANNENSTIEL: Mr.

3 Chairman.

4 CHAIRPERSON DESMOND: Yes, go ahead,
5 Commissioner.

6 COMMISSIONER PFANNENSTIEL: This is
7 phase two of this project. Can you describe what
8 phase one was and what dollars and how long that
9 was?

10 DR. BEYER: Yes. Phase one was a
11 project we did with Catalytica through EPRI. I
12 believe our funding level was about \$600,000. And
13 it was successfully demonstrated at a diesel
14 engine at Catalytica's test facility, where the
15 interest there was in reducing NOx by 90 percent,
16 with a regenerative NOx trap that would operate
17 transparently to the operator, but controlled to
18 both filter out the NOx, and then regenerate the
19 trap.

20 Catalytica successfully demonstrated
21 that level of NOx reduction in this phase one.
22 So, this phase two effort will be actually an
23 engine in the field, not owned by Catalytica, an
24 end-user engine, but Catalytica will develop the
25 technology to not only improve the NOx reduction,

1 but also particulate reduction, as well.

2 COMMISSIONER PFANNENSTIEL: Will we be
3 working with EPRI in phase two, also?

4 DR. BEYER: Yes. EPRI is a partner, as
5 well, and co-funder to the tune of \$640,000.

6 COMMISSIONER PFANNENSTIEL: Thanks.

7 COMMISSIONER GEESMAN: Mr. Chairman.

8 CHAIRPERSON DESMOND: Yes, Commissioner
9 Geesman.

10 COMMISSIONER GEESMAN: Just to fill in
11 the blanks Commissioner Rosenfeld left, 5800
12 stationary diesel pumps will create a demand
13 exceeding 1200 megawatts if they were all
14 electrified.

15 CHAIRPERSON DESMOND: Thank you.

16 COMMISSIONER BOYD: And here I sit
17 trying to reduce our dependence on petroleum. In
18 any event, a collision of energy objectives here.

19 COMMISSIONER ROSENFELD: Trade-offs,
20 trade-offs, trade-offs.

21 CHAIRPERSON DESMOND: Unless there's a
22 question I had a couple quick questions. Is there
23 a difference in characteristics between the diesel
24 engines that are used for these pumping and the
25 electric ones that are being retrofit that would

1 have a bearing on why this is important? Or are
2 there other related ancillary benefits to cleaning
3 up the diesel in addition just to the air?

4 DR. BEYER: A comparison between which
5 and which?

6 CHAIRPERSON DESMOND: You've got an
7 electric motor, in other words, electric motor
8 versus a combustion engine.

9 DR. BEYER: Yes, there are other
10 benefits. Used for pumping purposes, a lot of our
11 agriculture uses drip irrigation to conserve
12 water. These drip irrigation systems are very
13 sensitive to the pressure going into them.

14 As the water level drops in wells
15 obviously more power is needed to draw that water
16 out of the well, and yet you need a constant
17 pressure going into your drip irrigation system.
18 With a diesel engine it's very easy to control
19 that. Basically it's a throttle control.

20 If you electrify all these pumps you
21 can't do it cheaply because cheap electric motors
22 are a constant speed. So you need more
23 sophisticated control for variable speed or
24 variable power, essentially, out of these engines
25 as water levels drop in wells.

1 So, it's just another complication and
2 it increases the mechanical/electrical complexity
3 and the cost, if you try to electrify these pumps.

4 CHAIRPERSON DESMOND: Thank you.

5 COMMISSIONER BOYD: Mr. Chairman, one
6 last question. I've been away from this for
7 awhile, but I kind of thought there were retrofit
8 catalysts already developed for mobile engines,
9 diesel engines. And so I'm a little surprised at
10 the length of time and the magnitude of investment
11 here being made for stationary engines. Can you
12 enlighten me?

13 DR. BEYER: A lot of those, in fact,
14 don't work very well. At best they're perhaps 50
15 percent reductions. This is going to a
16 significantly higher level.

17 The other alternatives for diesel engine
18 and cleanup are SCR, which is essentially cost-
19 prohibitive for relatively small engines. So,
20 we're looking here at engines, in many cases,
21 below 1 megawatt where there is no cost effective
22 solution that's particularly effective. Not
23 effective at this level anyhow.

24 COMMISSIONER BOYD: Okay, thanks.

25 CHAIRPERSON DESMOND: Is there a target

1 capital cost increase? I know this is retrofit
2 technology, but compared to the original capital
3 cost of the engine, are we looking at a retrofit
4 cost that's part of this, or is this still not
5 being part of this evaluation phase?

6 DR. BEYER: I think ultimately
7 Catalytica is going to have to look at that on a
8 competitive basis. What are really the options
9 here, once they develop the technology and see
10 what it really is going to cost and produce for
11 what's potentially a significant market.

12 And then it's got to be competitive. I
13 think that becomes a market issue at this point.

14 CHAIRPERSON DESMOND: Commissioner
15 Pfannenstiel.

16 COMMISSIONER PFANNENSTIEL: Are there
17 competitors to Catalytica?

18 DR. BEYER: I don't know of one to
19 develop the technology for -- Commissioner Boyd, I
20 see you wincing. Yes, there are technologies out
21 there on mobile engines that do get down to 50
22 percent of so.

23 COMMISSIONER PFANNENSTIEL: Well, I
24 guess my question was really --

25 DR. BEYER: There weren't any in this

1 range of clean-up that I'm aware of.

2 COMMISSIONER PFANNENSTIEL: If we are
3 supporting the efforts of one company's
4 technology, and to the tune of, I don't know, a
5 million dollars --

6 DR. BEYER: \$800,000 at this point, yes.

7 COMMISSIONER PFANNENSTIEL: -- in two
8 phases. And there aren't any ready competitors
9 out there, then I don't know that they need to
10 worry about the capital costs if they're the only
11 ones in the market.

12 DR. BEYER: Well, the alternative is
13 still to electrify. Or use SCR. Those are not
14 good options, but they do exist.

15 COMMISSIONER PFANNENSTIEL: Well, will
16 the technology become available for others, or
17 will it be a patented technology of the
18 manufacturer, of the Catalytica manufacturer?

19 DR. BEYER: Catalytica does have
20 proprietary aspects of the system that then they
21 hope to develop and sell, yes. That's true of
22 many of the technologies we develop.

23 CHAIRPERSON DESMOND: I'll entertain a
24 motion.

25 COMMISSIONER GEESMAN: So moved.

1 COMMISSIONER ROSENFELD: Second.

2 CHAIRPERSON DESMOND: All those in
3 favor?

4 (Ayes.)

5 CHAIRPERSON DESMOND: Opposed? So
6 moved.

7 DR. BEYER: Thank you.

8 CHAIRPERSON DESMOND: Thank you. Item
9 number 6, Energypro 4.0 and Perform 2005.
10 Possible approval as an alternative calculation
11 method for use in demonstrating compliance with
12 the 2005 building energy efficiency standards for
13 nonresidential buildings, high rise residential
14 buildings, and hotels and motels. This approval
15 also imposes some restrictions on the use of
16 Energypro 3.1, and Perform 2001 to the 2001
17 standards. Mr. Maeda.

18 MR. MAEDA: The Warren Alquist Act
19 charges the Commission with the development and
20 promulgation of energy efficiency standards for
21 new buildings.

22 And as part of the standards that the
23 Commission has developed, we allow people to
24 comply using both a prescriptive approach and a
25 performance approach.

1 The performance approach relies upon
2 calculational methods, almost universally computer
3 programs, to allow people to comply with the
4 standards and giving tradeoffs for various energy
5 efficiency measures so that the applicant can
6 select the most cost effective combination to
7 comply with the standards.

8 As part of that process we regulate the
9 computer programs that can be used. We have a
10 variety of requirements that are spelled out in
11 the alternative calculation method approval manual
12 which are adopted along with the standards as
13 regulations.

14 These two programs, Energypro 4.0 and
15 Perform 2005, are being submitted to -- they've
16 demonstrated compliance with the ACM approval
17 manuals and the tests associated with those
18 manuals.

19 And the Energypro 4.0 is a private
20 vendor program; and Perform 2005 is the program
21 that we distribute as a quote, "public domain"
22 program for people to use in compliance with the
23 standards. Both of them were actually developed
24 by the same private vendor. One was done under
25 contract with the Commission, and they are very

1 similar in nature at this point in time, although
2 in the past they were somewhat different.

3 But they submit all their requirements,
4 and we have recommended approval of these programs
5 so they can be used for the standards which become
6 effective October 1st.

7 CHAIRPERSON DESMOND: Thank you.

8 COMMISSIONER PFANNENSTIEL: Mr.
9 Chairman, this was not specifically approved by
10 the Energy Efficiency Committee. It did not need
11 to be. But I've met with the staff on it, and I
12 think the recommendations are well stated. And so
13 I move the recommendation.

14 COMMISSIONER ROSENFELD: I second it.

15 CHAIRPERSON DESMOND: All those in
16 favor?

17 (Ayes.)

18 CHAIRPERSON DESMOND: Opposed? So
19 moved. Thank you.

20 As I indicated earlier, item number 7
21 will be moved towards the end of the agenda.

22 At this time, the minutes; approval of
23 the August 24, 2005 business meeting.

24 COMMISSIONER ROSENFELD: I move the
25 minutes.

1 COMMISSIONER PFANNENSTIEL: Second.

2 CHAIRPERSON DESMOND: All those in
3 favor?

4 (Ayes.)

5 CHAIRPERSON DESMOND: Opposed? So
6 moved.

7 Commission Committee and Oversight. Is
8 there any specific Committees? I have one item to
9 bring up after, but let me just check with the
10 fellow Commissioners here.

11 COMMISSIONER PFANNENSTIEL: Just that
12 one item.

13 CHAIRPERSON DESMOND: Okay. Then I just
14 want to draw out that the Intergovernmental and
15 Legislative Committee are working to prepare
16 information in order to provide testimony towards
17 the California Air Resources Board.

18 Mr. Blevins, could you just briefly
19 speak to that issue on where it stands?

20 MR. BLEVINS: Certainly. In relation to
21 Hurricane Katrina the USEPA had taken action
22 nationwide to allow flexibility in the early
23 production of winter gasoline, in essence
24 adjustments to the RVP factor.

25 In most states that is something that

1 USEPA allowed for two weeks. And, of course, at
2 the end of that two-week period was when their
3 winter gasoline production began under normal
4 circumstances.

5 In the State of California our winter
6 gasoline production doesn't occur until November
7 1st. What has happened is the Air Resources Board
8 has been in contact with USEPA and has been in
9 discussion with us; and they have now scheduled a
10 hearing to entertain the possibility of allowing
11 the State of California to go ahead and allow
12 winter production of gasoline consistent with the
13 rest of the nation in terms of timing.

14 The Commission has been requested to
15 present testimony specifically on what the supply
16 impacts would be relative to that decision,
17 gasoline supply impacts would be relative to that
18 decision for the State of California.

19 We do know that somewhere between 5 and
20 10 percent of additional gasoline supplies would
21 be provided, and the staff would be testifying to
22 that effect at the hearing which is now scheduled
23 for tomorrow morning. This has been a very, as
24 you might imagine, a very quick process in terms
25 of the California Air Resources Board dealing with

1 the issue in a timely manner.

2 CHAIRPERSON DESMOND: Thank you.

3 COMMISSIONER PFANNENSTIEL: Mr.

4 Chairman, question.

5 CHAIRPERSON DESMOND: Commissioner

6 Geesman.

7 COMMISSIONER PFANNENSTIEL: I was going

8 to make a motion, so perhaps Commissioner Geesman

9 wants to speak first.

10 COMMISSIONER GEESMAN: I've got a couple

11 of questions. The proposal, as I understand it

12 then, would be to allow California refiners to go

13 to their winter mix September 15th?

14 MR. BLEVINS: Yes.

15 COMMISSIONER GEESMAN: And that would be

16 compared to what would ordinarily be the start of

17 the winter season on November 1st?

18 MR. BLEVINS: That's correct.

19 COMMISSIONER GEESMAN: So, when you talk

20 of an increase in supply of 5 to 10 percent, that

21 would be 5 to 10 percent above what would

22 ordinarily be expected during that six-week

23 period?

24 MR. BLEVINS: That's correct. I think

25 there'll be a lag time, obviously, but whatever

1 the time period is for the refineries to adjust,
2 in that period of time after the adjustment, the
3 expectation would be a 5 to 10 percent increase in
4 supply.

5 COMMISSIONER GEESMAN: So it may not be
6 for the full six weeks? It may be for four or
7 five weeks, or some other number of weeks?

8 MR. BLEVINS: It's my assumption that it
9 will take seven days to work, at least seven days
10 to work through the system.

11 COMMISSIONER GEESMAN: And that
12 potential increase in supply comes from what? A
13 change in blending components?

14 MR. BLEVINS: Yes.

15 COMMISSIONER BOYD: Yes.

16 MR. BLEVINS: I'll certainly defer to
17 Commissioner Boyd if he wants to --

18 (Laughter.)

19 MR. BLEVINS: -- add any detail here.

20 COMMISSIONER GEESMAN: And are we going
21 to, in our testimony, provide any, I guess for
22 lack of the word I'll use speculation, as to the
23 impact on prices of that change?

24 MR. BLEVINS: I have not read the
25 specific testimony yet. My understanding is the

1 Air Board is simply requesting that we present
2 what we believe to be the supply impacts relative
3 to allowing winter gasoline to be produced earlier
4 in the season.

5 Common sense is going to dictate in some
6 likelihood that that additional supply would have
7 a price impact. But, you know, at this point I
8 don't know that we've been asked to specifically
9 comment on that. And I would probably, if it was
10 staff testimony, discourage trying to predict
11 that.

12 COMMISSIONER GEESMAN: Yes, I guess I'd
13 express a concern as to who is "we". If you
14 haven't read it yet, I know I haven't read it yet,
15 I doubt any of my colleagues have read it. So I'm
16 not certain how informed, or how scrutinized a
17 staff projection in that area would be.

18 MR. BLEVINS: Right. Well, this has
19 happened fairly quickly, and so the expectation is
20 receiving the testimony today. I spoke to the
21 author of the testimony last night about 7:30, and
22 he's working on it. And, again, we're hoping to
23 have a document today for all the offices to see.

24 COMMISSIONER GEESMAN: Okay.

25 COMMISSIONER PFANNENSTIEL: Mr.

1 Chairman, I think given that, and given the fact
2 that none of us have read the testimony, yet I
3 think the testimony would carry greater weight if
4 it was Commission testimony, as opposed to staff
5 testimony.

6 So what I'd recommend as a process is
7 that generally the Commission delegates to the
8 Legislative and Intergovernmental Committee the
9 ability to approve such testimony on behalf of the
10 Commission. And I would ask for -- make a motion
11 for that delegation to the Legislative Committee.

12 And then Chairman Desmond and I will
13 undertake to review the testimony on behalf of
14 that Committee, seeking input from the other
15 Commissioners. And if we decide that it is
16 something that we believe should represent the
17 entire Commission, then it would be presented as
18 such.

19 So I'd like to make a motion to that
20 effect.

21 COMMISSIONER GEESMAN: I'll second that
22 motion, and state the obvious, that late September
23 and October are pretty serious smog seasons in
24 California. I think the testimony that we provide
25 ought to be pretty circumspect in not stretching

1 too far beyond what we consider to be reasonable
2 and supportable generalizations.

3 I know that there's often a tendency to
4 reach for the holster and shoot from the hip among
5 some of our staff in this area. I would suggest
6 strongly the Commission review would, I think,
7 guard against that tendency.

8 COMMISSIONER PFANNENSTIEL: Well put.

9 CHAIRPERSON DESMOND: I'd like to just
10 add a few comments. Friday, in fact, of last week
11 was a fairly busy day. So first I wanted to
12 publicly acknowledge the hard work of the team
13 here on the transportation fuels issue. We had
14 everyone scrambling to update information on the
15 impact of Hurricane Katrina, both on availability
16 of fuel supplies, as well as addressing the likely
17 impact on prices.

18 That included everyone from our Leg
19 group to communications, to the IT folks, and the
20 executive office. And most certainly our folks in
21 the transportation fuels sector.

22 When this discussion did come up we
23 actually held a -- we did two things last Friday,
24 just for the general public here. Number one is
25 that we had a press briefing that we did as a

1 telecast, as a webcast, simply to demonstrate that
2 we were telecommuting as a way of saving fuel.

3 But more importantly, we provided both
4 background on California's fuel infrastructure, as
5 well as the mix of where the petroleum comes from,
6 how California is and is not impacted by
7 movements, likely impact to natural gas prices.
8 But in this case the subject was specific to the
9 type of additives that were available in order to
10 continue to meet the production.

11 And so the factual data, when we had our
12 conversation previously with CARB, was, in fact,
13 only to focus on the factual availability of the
14 additives, and whether that would lead to an
15 increased price. They'll make that determination
16 on the impacts of air quality. And we reiterated
17 our concerns, as a Commission.

18 But we also did two other things. One
19 was we updated the website, and the website now
20 includes a voluntary price-gouging form, a
21 reporting form that we'll be using to collect
22 information. We also committed to producing a
23 report within 30 days to the Governor, the
24 Legislature and other state agencies evaluating
25 movements of price in the marketplace. So, again,

1 we're separating the price-discussion issues from
2 the availability of fuel supply additives. And
3 that'll be produced.

4 And then lastly, also on the website, we
5 provided an update to some very detailed questions
6 and answers specific to how is California likely
7 to be impacted from the hurricane. What does it
8 mean? Where do we get our fuel supplies? The
9 difference between spot market prices of crude and
10 production volumes.

11 So, for those who are interested in
12 these questions I'd encourage you to go to a new
13 page on the Commission's website. You'll find
14 updated information on all of these subjects
15 there. So just want to make sure that the public
16 here was aware of those activities on Friday.

17 COMMISSIONER PFANNENSTIEL: Mr.
18 Chairman, I think we have a motion and second on
19 delegation to the Leg Committee.

20 CHAIRPERSON DESMOND: Okay. I'll call
21 for the vote.

22 All those in favor?

23 (Ayes.)

24 CHAIRPERSON DESMOND: Opposed? So
25 moved. Thank you.

1 MR. BLEVINS: Thank you, Mr. Chairman.

2 CHAIRPERSON DESMOND: Chief Counsel's
3 report.

4 MR. CHAMBERLAIN: Thank you, Mr.
5 Chairman. One week ago the California Supreme
6 Court, for the tenth time in the Commission's
7 history, upheld the Commission's decision in a
8 power plant licensing case.

9 And that's really all I have to report
10 on that, except that we will need a brief closed
11 session.

12 CHAIRPERSON DESMOND: Yes. Thank you.
13 Executive Director's report.

14 MR. BLEVINS: No report; we've handled
15 my item, thank you.

16 CHAIRPERSON DESMOND: Okay. I don't see
17 the Legislative Director here, so I know this is a
18 busy time of the year; I'll assume that she's
19 active in providing questions.

20 Ms. Kim, Public Adviser's report.
21 Anything?

22 MS. KIM: I have nothing.

23 CHAIRPERSON DESMOND: Nothing to report.
24 Okay. I'd like to move then to the other item
25 which is added to the agenda, and that is item

1 number 15, the Governor's response to the Energy
2 Commission's Integrated Energy Policy Report, and
3 the discussion of Governor Schwarzenegger's
4 response to both the 2003 and 2004 IEPRs that were
5 adopted by this Commission and its implications
6 for ongoing work. Mr. Kelly.

7 MR. KELLY: I am very very very pleased
8 to introduce this item, and add a personal note,
9 that I've been watching Administration energy
10 policy developed since March of 1975.

11 And this is the broadest scope with the
12 most depth that I've seen from any Administration
13 in all that time. And it's just quite pleasant to
14 see and a lot of fun.

15 One of the things that I think is
16 important is the implications that it has for the
17 Energy Commission and ongoing work here at the
18 Commission, certainly justifying our previously
19 held beliefs about the IEPR. The Governor clearly
20 stated that it's the foundation for energy policy
21 in the state, and I think that's a major
22 accomplishment for the hard work that's been put
23 on these IEPRs for the last few years. But it's
24 also a big burden for us to have to shoulder in
25 terms of being responsible for and instructing

1 other agencies into what we think should be done
2 and how it should be done, to the extent we can.

3 The IEPR, new burdens that have been
4 added are examples, and I don't intend to go
5 through all of them, but just give a few examples.
6 One is the new clean coal policy that we're being
7 asked to provide. And the leadership on
8 transportation fuel reduction.

9 Included in the Governor's response was
10 a demarcation between transportation fuels and
11 global climate change, with Cal-EPA having a lead
12 on global climate change. That doesn't mean we
13 can ignore it. We have to stay with it because
14 all of the energy production creates some sort of
15 impacts on the environment.

16 The Governor agrees that the
17 transmission planning and permitting system needs
18 work. And the Energy Action Plan loading order
19 was again solidified. The Governor supports that.
20 And supports transportation being part of the big
21 picture, in addition to electricity and natural
22 gas. So it's wide-ranging and it's very detailed.

23 On a bureaucratic note it also implies
24 that there are budget impacts for us, and perhaps
25 for others, in trying to carry out some of these

1 existing mandates to a greater degree, and some of
2 the new mandates.

3 We've been asked to provide additional
4 risk analysis which hasn't been there in as much
5 depth as we would have liked before. And so it
6 has a lot of meaning for us. The two biggest
7 areas are the IEPR for 2005 and the current EAP
8 drafts that we're trying to work on with the PUC.

9 CHAIRPERSON DESMOND: Thank you.
10 Commissioner Pfannenstiel.

11 COMMISSIONER PFANNENSTIEL: I'd really
12 like to just make two comments. First, I'd like
13 to commend Commissioners Geesman and Boyd for the
14 work they did, the incredible effort. We all knew
15 it was a great effort, and I think now we're
16 seeing it was also an effective effort. It was
17 very very positive. I think it was recognized as
18 such in the IEPR response.

19 The Governor's Office clearly accepted
20 the recommendations almost without exception. I
21 think the only difference was when the Governor's
22 Office -- when the Governor went a little farther
23 than we were able to go in the IEPR in terms of
24 setting state policy.

25 So, to a large extent, the issue of what

1 is state energy policy is pretty clear in front of
2 us now from the IEPR, and then from the response
3 to the IEPR. So, I think that that is, you know,
4 the Commissioners who were most responsible for
5 that should be recognized for that work.

6 The second point I'd like to make is
7 that I think that there's a clearer delineation
8 now between -- distinction between the IEPR and
9 the Energy Action Plan. I think there's always
10 been a certain confusion, perhaps, or fuzziness
11 between the two.

12 And it's become increasingly clear to me
13 that the Energy Action Plan was intended to be,
14 and really even more now has become, the action
15 vehicle for energy policy.

16 The policy is developed through the
17 IEPR, responded to by the Governor who says yes,
18 this is my energy policy. The Energy Action Plan
19 is supposed to be the implementation vehicle for
20 that.

21 So, it should not be making policy.
22 And, in fact, as we were working on drafting the
23 EAP-2, that was, in fact, our starting point, was
24 to say is this already policy, or are we trying to
25 make up a policy that doesn't already exist.

1 I think the policy now with the IEPR
2 response is much more clear in front of us, and I
3 believe that that means that our development and
4 this Commission's adoption of the Energy Action
5 Plan should be that much clearer.

6 We have the stake in the ground of
7 policy to work off of.

8 So, that's it. Thank you.

9 CHAIRPERSON DESMOND: Thank you,
10 Commissioner.

11 COMMISSIONER GEESMAN: Mr. Chairman.

12 CHAIRPERSON DESMOND: Commissioner
13 Geesman.

14 COMMISSIONER GEESMAN: I need to
15 clarify. I am happy to be credited for my role in
16 the 2004 IEPR update. But the work product for
17 the 2003 IEPR was that of Commissioner Boyd and
18 our former Chairman Bill Keese.

19 CHAIRPERSON DESMOND: Thank you. Any
20 further comments?

21 Let me just add then, I think also that
22 the IEPR and the Governor's response stands as an
23 example for the nation in terms of being able to
24 set forth a very clear, articulate energy policy
25 that he's asking the state agencies to adopt in

1 their internal planning processes.

2 And so let me just echo Commissioner
3 Pfannenstiel's comments. And also pointing out
4 that I think it imposes upon us additional
5 responsibility and weight in the drafting and then
6 final publication and adoption of the 2005 report,
7 which, I would point out, is, in fact,
8 Commissioner Geesman and Commissioner Boyd.

9 So my credits to former Chairman Bill
10 Keese, who is still active in the energy field,
11 working -- make sure we acknowledge that.

12 But that's very exciting, Mr. Kelly,
13 thank you very much.

14 Unless there's any further questions? I
15 don't believe there's any action item here. Okay.

16 At this time we're going to go into
17 executive session. When we return we will take up
18 agenda item number 7, as well as the public
19 comment.

20 COMMISSIONER BOYD: Mr. Chairman, if I
21 might comment on this item. I missed the last
22 meeting, but I want to report for the record that
23 I did read, as difficult as it was, the entire
24 transcript and all the filings.

25 And I am prepared to act on this item.

1 CHAIRPERSON DESMOND: Thank you,
2 Commissioner.

3 (Whereupon, at 10:46 the business
4 meeting was adjourned into executive
5 session.)

6 --o0o--

1 P R O C E E D I N G S - RESUMED

2 11:24 a.m.

3 CHAIRPERSON DESMOND: I'd like to resume
4 the public session and move to item number 7,
5 which is the 2005 Integrated Energy Policy Report.
6 Consideration and possible decision of the appeals
7 filed by San Diego Gas and Electric, Southern
8 California Edison and Pacific Gas and Electric
9 Company of the Energy Commission Executive
10 Director's notice of intent to release aggregated
11 data. This is a carryover.

12 Mr. Chamberlain, could you very briefly
13 just bring us up to speed here?

14 MR. CHAMBERLAIN: Yes, Mr. Chairman.
15 During the past week there have been some
16 communications between the utilities' attorneys
17 and my office concerning the litigation and
18 exploring whether there was a possibility of
19 settling the case.

20 I believe the Commission has reviewed
21 those matters and has determined that at this time
22 it's appropriate to move to a decision on the
23 matter for which you took evidence at the last
24 Commission business meeting.

25 CHAIRPERSON DESMOND: Okay, thank you.

1 Any comments from the other Commissioners
2 regarding this issue at this time?

3 COMMISSIONER GEESMAN: Mr. Chairman, I
4 think that we should move to uphold the Executive
5 Director's decision.

6 I do believe that it represented a good
7 faith effort on the part of our then Acting
8 Executive Director Scott Matthews, to reach a
9 compromise with the utilities. The only question
10 in front of us is on his decision, itself, we
11 don't have the ability to set the standard or rule
12 where we would prefer it to be.

13 And for that reason, I don't think the
14 Public Utilities Commission should read much into
15 our affirmation of the Executive Director's
16 decision.

17 I personally would not have been as
18 liberal as he was in terms of extending the three-
19 year blackout period. But I do think, given the
20 way in which the matter has been framed, it's
21 important for us to affirm his decision.

22 And I so move.

23 CHAIRPERSON DESMOND: Okay. Discussion?
24 Yes, Mr. Chamberlain.

25 MR. CHAMBERLAIN: I'm not sure if --

1 there was, at one time, a request by the utilities
2 to make closing arguments and --

3 CHAIRPERSON DESMOND: That is correct.
4 In fact, I have blue cards for the public comment.
5 But these are for item number 7. So I want to
6 make sure that -- we have Les Guliassi and Joe, is
7 it Klobberdanz? -- okay, who have asked to come up
8 and speak to that. And I think it's appropriate
9 that they have that opportunity to do so, and ask
10 some specific questions, and to do that.

11 So, if --

12 COMMISSIONER BOYD: I'll second the
13 motion just so we complete the action, and then we
14 can go on.

15 CHAIRPERSON DESMOND: Thank you.

16 MR. GULIASI: Thank you, Commissioners.
17 I think my comments will be very brief. I can see
18 the writing on the wall.

19 All I was going to say was that I think
20 there was an opportunity here to reach a
21 settlement between the two parties, between the
22 utilities and the staff.

23 And as you know, we're really only
24 arguing about a relatively small amount of data.
25 And I certainly won't repeat all the arguments

1 that we've presented before the Commission about,
2 you know, the underlying reasoning for our request
3 for the data to be held confidential.

4 I guess I'm just disappointed that you
5 took action today, rather than defer action on
6 this until the parties could have reached a
7 settlement.

8 As you know, there's going to be another
9 opportunity to address these issues at the Public
10 Utilities Commission through the rulemaking. And
11 I think, as a goal, it would be wise for the two
12 Commissions to come up with a consistent set of
13 rules, given that the two agencies work in tandem
14 for the same purpose. It would be nice if you had
15 a consistent set of rules to protect customer
16 confidentiality.

17 And I can promise you that we will work
18 cooperatively with your staff. And we hope that
19 you direct your staff to work in that proceeding,
20 as well, so we can come up with a set of
21 consistent rules that will be in everyone's
22 interest.

23 Thank you.

24 CHAIRPERSON DESMOND: Thank you. Mr.
25 Kloberdanz.

1 MR. KLOBERDANZ: Thank you, Mr. Chair.
2 Joe Klobberdanz of San Diego Gas and Electric. And
3 this hardly qualifies as closing argument, but I
4 did want to make a brief statement.

5 Commissioners, just a brief message on
6 this item, item number 7, in case you are inclined
7 to take any action today, other than to grant the
8 appeal that SDG&E filed.

9 The information that SDG&E objects to
10 making public, we believe, will cause harm to our
11 customers once it is made public. So if you do
12 vote today to make that information public, the
13 harm is done and it can't be taken back.

14 For this reason I urge you to recognize
15 that the issuance of a quality, credible 2005 IEPR
16 does not require you to act on this matter before
17 your decision can be informed by the CPUC's
18 confidentiality proceeding, and your own
19 confidentiality proceeding, should you chose to
20 open one.

21 Thank you.

22 CHAIRPERSON DESMOND: Thank you. Any
23 comments on Southern California Edison on this
24 particular issue?

25 I have some questions for staff for

1 clarification purposes. We heard quite a bit of
2 testimony at the last business meeting from both
3 sides on this issue. And a voluminous amount of
4 information leading up to the information that was
5 presented.

6 I want to go back to some of the primary
7 objectives of what the IEPR is intended to
8 accomplish, as well as to speak to what the other
9 agencies, such as the PUC, are likely to look for.

10 And then seek a point of clarification
11 on the information and decision here today, and
12 the type of information that will or will not be,
13 and the source of that information that we will be
14 relying upon.

15 So, first, it's my understanding, as
16 we've been saying throughout these discussions,
17 that one of the primary purposes here is to help
18 provide investment signals to the marketplace as
19 to when it's an appropriate time, and to some
20 degree, general location, meaning northern and
21 southern California, as to when investment in new
22 resources is needed, be they efficiency
23 investments or demand response, or generation
24 investments.

25 And then secondly, wherever possible we

1 would seek to eliminate the redundancy of having
2 two sets of two different agencies collect
3 different information under different sets of
4 rules. And so to be able to rely upon a common
5 set or at least a common understanding.

6 And so my question to you, as staff,
7 please help me to understand the analysis and how
8 it will be based upon the information that would
9 be transmitted as part of the 2005 IEPR process,
10 and how it addresses those two objectives.

11 DR. KENNEDY: Yes, I'm Kevin Kennedy,
12 the Staff Program Manager for the 2005 IEPR. At
13 this point staff is working very closely with the
14 IEPR Committee for completion of the Committee's
15 draft of the Integrated Energy Policy Report,
16 itself.

17 In doing so, and consistent with the
18 Commission's direction, we have been relying
19 solely on information that is currently in the
20 public record. That information on the demand
21 side includes staff's demand forecasts and
22 planning area forecasts from the utilities.

23 There's been a fair amount of work done
24 in comparing those. The Committee has provided
25 direction that is allowing staff to prepare its

1 own revised demand forecast that will be in the
2 public record. So, on the demand side the
3 situation is fairly straightforward.

4 On the supply side the information that
5 we had received from the utilities is primarily
6 contractual oriented. And a lot of the interest
7 in being able to provide aggregations of the data
8 at the bundled customer level was intended to be
9 able to help the PUC in decisions that they will
10 need to make moving forward.

11 We are able to make use of planning area
12 annual information. And we are working through
13 both the information on the physical system, and
14 what information is publicly available in terms of
15 contractual information. So we're able to put
16 together a fairly solid set of information on the
17 range of need for the PUC to be able to use that
18 in their proceeding.

19 I think that had we been able to publish
20 these aggregations as we had proposed, the record
21 would have been that much richer for the inclusion
22 of this information. But I think the information
23 we will be providing the PUC will be very solid
24 and will provide them a solid basis for making
25 their decisions in the 2006 long-term procurement.

1 CHAIRPERSON DESMOND: Going back then to
2 one of the previous speakers, the suggestion is
3 that this decision results in the release of
4 confidential data. And that is not the case. I
5 want to confirm and clarify that point, because
6 that was the implication, or at least his
7 interpretation. And could you clarify that,
8 please?

9 MR. CHAMBERLAIN: Well, let me clarify.
10 There will be, however you decide this we will
11 prepare a written order. And when that written
12 order comes out it will include a statement as the
13 previous written orders did, that to the extent
14 that you are deciding that information should be
15 released because it is public, we would not do so
16 for a period of, I believe, it's 14 days in order
17 to allow anyone who wishes to challenge that
18 decision to do so, and to give the Superior Court
19 the opportunity to decide whether there should be
20 some sort of stay on that.

21 However, if there is no challenge, then
22 the information would, in fact, be released.

23 CHAIRPERSON DESMOND: Okay. So,
24 assuming that there is a challenge, that staff can
25 still move forward with its 2005 IEPR analysis

1 based on publicly available data? That's the
2 point I'm just trying to make sure is clear here
3 today.

4 DR. KENNEDY: Yes. Our working
5 assumption at this point is that there will be a
6 challenge --

7 CHAIRPERSON DESMOND: Okay.

8 DR. KENNEDY: -- if you decide to uphold
9 the original aggregation proposal. So it has not
10 been our anticipation that we would be including
11 the aggregations in the 2005 IEPR.

12 CHAIRPERSON DESMOND: Good. Okay.
13 Hopefully that clarifies. Okay, thank you. Any
14 further comments?

15 Then let me move to sort of the second
16 note, and that was under, again, thinking through
17 these discussions here. There are several other
18 activities that hopefully will bring to bear some
19 additional certainty on these decisions.

20 One, we have the existing AB-57
21 requirements in which the IOUs are, you know,
22 compelled to provide a combination of short-,
23 medium- and long-term forecasts, financially
24 hedged, to the PUC. Nothing this Commission does
25 necessarily impacts their ability, since that is a

1 proceeding before the PUC.

2 Secondly, both the PUC, the Cal-ISO and
3 the Commission has been commenting on the move
4 towards a capacity market, or rather restate a
5 resource adequacy requirement, a compliance
6 demonstration in which people would be required to
7 demonstrate compliance based on the assessment of
8 accounting methodologies and deliverability, which
9 would address some of the supply side issues.

10 So, as this issue continues to play
11 itself out over time, we still have other
12 mechanisms in the public that people can rely upon
13 to know that, in fact, all LSEs, in meeting the
14 necessary obligations that have been imposed upon
15 them. And that this does not, in any way, stand
16 in as an obstacle to moving forward with those
17 types of proposals, is that correct?

18 MS. HOLMES: Yes.

19 CHAIRPERSON DESMOND: Okay. Any further
20 comments?

21 COMMISSIONER GEESMAN: Mr. Chairman, I
22 remain a bit haunted by the table that Mike Jaske
23 provided in the staff testimony comparing
24 California practices with those of regulated
25 utilities around the west.

1 And I think it's a fairly sad discovery
2 that California has allowed its regulatory process
3 to degenerate to the point where we conduct so
4 much of this in secret.

5 This Commission has made a practice of
6 avoiding that. And I think we should continue
7 that. Hopefully we can be persuasive with the
8 Public Utilities Commission to open up their
9 process more, as well.

10 These are public issues that deserve to
11 be addressed on the basis of public data in a
12 public deliberation process. Thank you.

13 CHAIRPERSON DESMOND: Thank you,
14 Commissioner Geesman.

15 We have a motion and a second. If you
16 could just repeat that motion?

17 COMMISSIONER GEESMAN: I would move to
18 uphold the Executive Director's decision in each
19 of the three appeals filed by Pacific Gas and
20 Electric, Southern California Edison and San Diego
21 Gas and Electric.

22 COMMISSIONER PFANNENSTIEL: Mr.
23 Chairman, I understood the vote was going to be
24 separately for each utility, is that what's going
25 to happen>

1 CHAIRPERSON DESMOND: Do we need to --
2 okay, so we'll make a motion and a decision on
3 each one. So, I'll, at this time, then, call for
4 a decision on upholding the appeal of first --

5 COMMISSIONER GEESMAN: PG&E.

6 CHAIRPERSON DESMOND: -- PG&E. All
7 those in -- yes?

8 MS. HOLMES: I believe you just said
9 upholding the appeal?

10 COMMISSIONER GEESMAN: Upholding the
11 decision.

12 CHAIRPERSON DESMOND: Sorry, upholding
13 the decision.

14 MS. HOLMES: Thank you.

15 COMMISSIONER BOYD: Careful there.

16 CHAIRPERSON DESMOND: Almost. Almost.
17 Upholding the decision.

18 All those in favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed?

21 COMMISSIONER PFANNENSTIEL: Mr.
22 Chairman, I recuse myself from that for a
23 potential conflict.

24 CHAIRPERSON DESMOND: So noted. Thank
25 you, Commissioner Pfannenstiel.

1 That's a four-to-zero then vote.

2 On the motion regarding Southern
3 California Edison to support the decision of the
4 Executive Director.

5 All those in favor?

6 (Ayes.)

7 CHAIRPERSON DESMOND: Opposed? So
8 moved.

9 And then finally on SDG&E's motion;
10 decision to uphold the Executive Director's
11 decision.

12 All those in favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved.

16 Are there any other items?

17 So I will assume then that based on the
18 comments we heard today that it is likely that the
19 utilities will, in fact, continue their appeal of
20 this decision.

21 And we'll direct staff to make sure that
22 they continued to rely on these public sources of
23 information to stick to the schedule, such that
24 the 2005 IEPR document provides meaningful
25 analysis for purposes of the PUC's procurement

1 process.

2 Thank you.

3 There being no further business, we'll

4 end this meeting. Thank you.

5 (Whereupon, at 11:40 a.m., the business

6 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 12th day of September, 2005.

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